

Examining Coca-Cola and Pepsi Brands under the Basis of Globalisation and Multinational Companies

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Abstract

The brand name is the oral and written representation of a brand. The brand image, on the other hand, is the symbol that is created by using distinct colors and fonts in order to make the brand name stick in people's minds. Among the examples that are appropriate to this definition are the golden belt of McDonalds, red italic font of Coca-Cola, the star of Mercedes and interwoven circles of Toyota, etc. Determining on a style that will attract the target group and imprint on their minds is as important as verbal and visual elements such as choosing the appropriate strategy, deciding on the brand name and special offers. By applying these strategies, Coca-Cola is among the brands that is one of the most known and whose products are sold most in the world. Coca-Cola that is one of the most valuable brands today will serve as the example for the aim of the study. Besides, Pepsi Cola that is one of the biggest competitors of Coca-Cola will be examined in order to widen the subject matter. In this context, the similarities and differences of the two brands in terms of advertisement strategies will be examined in the study.

Keywords: Globalization, Multinational Companies, Marketing Strategy, Coca-Cola, Pepsi.

Introduction

Today, the people learn the existence of the products that make their life easier thanks to increasing possibilities of communication and management and information technologies that keeps pace with them. While the variety of products increases in the world as a result of the increase in demand, the products are formed according to different expectations in the different regions. On the other hand, as the products are produced by using similar

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technologies, the similarities between the products increase and those similar products spread throughout the world very fast. The mentioned situation is required to be perceived and understood correctly when it is examined in the viewpoint of enterprises that operate internationally. There are two separate models that those enterprises face. First is, when evaluated by used production technologies, global production model in which enterprises do not make any changes on the products and ignore different expectations from different regions of the world. On the other hand, in the second one, the multinational enterprise model, local and regional characteristics are included within the production process depending on the features of used technology and appropriate to features of the product. The strategic models that the enterprises will create will be different depending on which of these two model they adopt (Tağraf, 2008, p. 3). This study examines the terms globalization and multinationalism through Coca-Cola that is one of the globally operating companies and Pepsi that is one of its important competitors by their marketing strategies and models.

Globalization and Multinationality

Globalization is the movement in which the idea of national enterprise was abandoned and the whole world is perceived as a single market as liberalization tendency have caused borders among the countries disappear. As a result of it, global enterprises widen their operations through crossing geographic, social or physical limits easily without being limited to any region (Dieter, 2001; cited by Tağraf, 2008, p. 5). While defining globalization, Daft (2000, p. 237) includes the strategy dimension to the process and explains it as “standardization in strategies that are used for product design and advertising all over the world.”

Globalization is not only limited to producing processes such as advanced technology products or raw materials but also includes a universal language for the consumers and standards that are provided for the users. Goods and services all over the world resemble to each other more and more and the preferences become more homogeneous. As in Coca-Cola and Pepsi, products that have global standards are sold all over the world and highly demanded by consumers. These enterprises compete with each other in terms of appropriate cost, quality and chain of distribution. The aforementioned situations show similarities with functions, designs and even fashion of the brands or products (Lewitt, 1983; cited by Tağraf, 2008, p. 5).

Multinational enterprises are one of the international enterprise models. International or multinational enterprises were born in Western capitalist countries after World War-II, developed gradually and spread all countries no matter they were underdeveloped capitalist or socialist (Harmancı, 2004, p. 1). Different from the global enterprises, multinational ones follow a process in which local values, customer expectations and demands are taken into consideration in both product development and marketing. Multinational enterprises, according to another definition, are organizations that provide production, produce, and market in different countries in order to provide extra profit from the investments. Following this definition, Tağraf (2008, p. 4) classifies multinational enterprises as those that operate in different countries through smaller companies and dealers and whose 20 per cent of total sales, assets or work power is out of the country. Duggel (2002) summarizes the differences between global and multinational enterprises as in Table-1 below:

Table 1. Differences between Global and Multinational Enterprises

Design	M: Editing for production, designing for the local markets first. G: Interested in international performance criteria in design process.
Adaptation	M: The features of the local markets are required in production adaptation through national differences. G: Products are adapted to global demands and needs. The interest for the product adaptation is limited.
Market	M: Departments represent the differences. G: Departments represent the similarities within the group.
Competition	M: Local and National competition are related. G: The competition in a national market is affected by the global position of the enterprise.
Place	M: National distribution channels G: Global standardization of the distribution
Production	M: Standardization is limited since the need of product adaptation for national pleasure. G: Producing in global standards. The adaptation is approached through modular design.
Promotion	M: National product image, sensitivity to national needs G: Global product image, sensitivity to global needs
Price	M: Consumers want to spend more for goods. G: Consumers prefer a product that has global standards if it is cheaper.

M: Multinational enterprise **G:** Global enterprise

Global and multinational strategies should be evaluated as different strategies, because global and multinational enterprises have different forms. According to Lewitt (1983; cited by Tağraf, 2008, p. 9) the multinational enterprise operates in more than one country and organizes and forms its products and services for each country. While doing it, the enterprise takes the demands, expectations and cultural differences of the country in which it mainly operates into account. The global enterprises, on the other hand, see the whole world a stable field like a big region or a single market and react accordingly. Global enterprises sell the same product through the same method to the whole world. Accordingly, global enterprise operations can be applied in the global extent without any regulations in the local operations.

A big number of multinational enterprises have been trying to have success through global strategies together with the speeding up of globalization. First, they tried to benefit from the advantages that global strategies provided but as a result of the failures they turned to multinational enterprise strategies and adapted their products and processes to the local markets. When the examples are examined, the main feature that shows up is again efforts of standardization and being homogenous. Global strategies are successful when standards are

formed in sectoral level; however, the results are unsuccessful in sectors where standards have not been formed yet and the enterprises turn to multinational strategy applications (Rugman and Hodgetts, 2001).

Coca-Cola is an example for the aforementioned situation as it has some details that explain it. Together with the globalization process in 1970s and 80s, Coca-Cola has been a company that operates in 200 countries. The company is said to have a stronger centralism tendency and increase the support to the shareholders that bottled the products then. In 1990s when was a period of change in politics, many national and regional leaders sought for independence in economic, politic and cultural policies. While globalization instigated more dependency all over the world, the tendency towards protecting local autonomy and cultural identities grow stronger, too. As a result, the enterprises have been expected to meet the demands that quickly change, be aware of their social responsibilities and more sensitive to the society (Tağraf, 2008, p. 14). These demands, on the other hand, cause Coca-Cola to centralize the decision making process, spread its standard applications all over the world and isolate itself from the changes happening around itself. It resulted in failure of the global strategies and the enterprise preferred leaving global strategies and turning to multinational strategies. In this context, the enterprise operates on three basic principles that it developed. These are thinking and acting locally, focusing on regional and local markets and following a way that leads realizing social responsibilities to integrate with the society. It might be beneficial to mention marketing strategies of Coca-Cola.

2. Marketing Strategy of Coca-Cola

2.1. Outer Environment Analysis of Coca-Cola

As Coca-Cola provokes “an instant consumption stimulus” it is very difficult for the brand to attract the consumer as long as it is not kept in view. In other words, the consumer has a stimulus to buy the product as soon as they see Coca-Cola. Therefore, Coca-Cola gives much importance to co-ordination and expose and determines standards for groceries and markets in order to discard this thread. Coca-Cola exhibits its products in the best way by providing shelves and refrigerators to groceries and markets. Coca-Cola company pays the expenses of refrigerators and the taxes while groceries and markets provide only lightening.

2.2. Consumer Analysis of Coca-Cola

Everyone on the world is customer of Coca-Cola as the company has not identified a specific target group. In other words, the customers are not categorized into a specific group. Hence, there are not rigid criteria that are used in defining the market. However, there are some differences in the production level. The light product starts with a specific age group that can be called as puberty and goes through the old ages (Sürücü, 2008, p. 1). After all, one thing is definite for all Coca-Cola products, that is Coca-Cola products are drinks for pleasure and so they are for a definite economic group. There are products in Coca-Cola company that are appropriate to every type of consumer. For example, the company tries to reach the customers

that prefer soft drink through Sen-Sun product while there is Sprite product for those who search a lemonade aroma (Sürücü, 2008, p. 2).

2.3. Inner Environment Analysis of Coca-Cola

Coca-Cola company uses the criteria such as vision, mission, values, performance management systems and performance while carrying out inner environment analysis. The company's mission is described as "to exist to enrich human life by providing the highest quality drinks and fulfill body, mind and soul thirst." The vision, as appropriate to this mission, is defined as:

- Add values to its all partners,
- Be in the first 10 in terms of sales and quality within the Coca-Cola system in the world,
- Provide continuous customer and consumer satisfaction,
- Create, define and benefit from the opportunities in the market before all the others,
- Create, develop and sustain the most qualified professional work-power.

The values that Coca-Cola have are described as respect, trust, transparency, having a team spirit in which social responsibilities form the entrepreneurial integrity and operate within continuous development by providing perfectness in quality, representation and leadership. The management systems that have been developed in order to help the company reach its vision, mission and aims through increasing management capabilities include developing of an understanding that sees performance processes and work processes as a whole by dealing with Coca-Cola performance process together with work processes, defining supporting elements for performance increase and providing professional success in this way and finally making the work more profitable by providing clear directions, support, consultancy and feedback.

2.4. Defining the Brand Image

It is required for the brand to create positive qualities, benefits, personal and enterprise values in consumers' minds in order to have a powerful brand image. The brand image that is aimed to be created in the consumer's mind does not only represent material quality but also implies that the product is to meet the needs of a consumer group that belongs to a definite social status. Therefore, a personality is given to a product that is sold under a specific brand.

The brand should manage numerous and various marketing activities harmoniously. The best known brands succeed in responsively organizing activities that have many different features and Coca-Cola is one of the best examples for it. The company that uses the motto "Always Coca-Cola" in world media and advertisements also activates local promotions. For example, the company uses local advertisements that support various thoughts and beliefs such as those are specific to Ramadan and national team in Turkey (Kirdar, 2003, p. 235).

Sponsoring all the Olympic Games starting from 1928 Amsterdam games and World Football Cup since 1930 form the strategies of the company for brand image. The company is not only interested in football but also has had many sponsorship deals in many sports. The basics of the visual expression style of Coca-Cola consist of the emblem, logo, color and font. Lines, just like the logo, might contribute to the psychologic perception and influence power. Thus, psychologic information can be sent to the unconscious mind of the consumer with the

help of these lines. The name and logo of Coca-Cola was formed by Frank Robinson who was the shareholder of Pemberton pharmacy. This logo drawn by Robinson was imprinted into billions of people's mind without any change since 1886. Robinson thought that two "C" letters would create aesthetic and created Coca Cola's logo by his handwriting (Kirdar, 2003, p. 240).

2.5. Strengths of Coca-Cola Brand

It is possible to state that there are definite powerful sides that have been responsible for gaining such a big fame of Coca-Cola that is so often talked about in marketing world. They can be summarized as below through various resources (Sürücü, 2008):

- Having well-organized distribution channels,
- Having high brand dependency,
- Being a well-known brand by the consumers,
- Being first in the market,
- Having high technology and production capacity,
- Having a computer-assisted communication and information systems,
- Giving importance on staff training and having qualified staff,
- Being the leader in the market,
- Having sponsorship relations that contribute to Coca-Cola communication and image,
- Having the patent for Coca-Cola formula which makes it impossible to imitate by the competitors,
- Having the highest market share in the sector.

2.6. Weaknesses of Coca-Cola Brand

- Pepsi-Cola company's using its being in the 2nd in the market as an advantage through an offensive manner,
- Not being able to decide on the price due to consumers' sensitivity despite being the market leader,
- Not having enough success in direct distribution due to life style and economic situations of the local people except Ankara,
- Not being able to make changes in the core product and difficulties in advertising the new products (Sürücü, 2008).

3. Marketing Strategies of PepsiCo Brand

3.1. Inner Environment Analysis of Pepsi Cola

PepsiCo announced that the strategic purchasing between its two biggest bottling companies in global terms, namely Pepsi Bottling Group and Pepsi Americas, was completed in 2010 and started its operations in the sector with the name of the new group as PepsiCo Beverages (www.pepsico.com.tr). The mission of the brand that precluded into the sector fast is "Performance with Purpose" and its mission is to be the world's premier consumer products company focused on convenient foods and beverages. The company aims to create financial rewards for its investors by providing opportunities of development and enrichment to its

workers, work partners and societies in which it operates. Besides, the company explains, they do not sacrifice honesty, justice and integrity in their all works.

The brand's vision that represents where the company wants to be in the future is explained as: "PepsiCo's responsibility is to provide continuous environmental, social and economic enhancement in every point it operates in the world in order to create a better tomorrow." PepsiCo has some basic strategies in order to provide long-term sustainable development. These are (www.pepsico.com.tr):

- Providing the development of beverages branch of the company in a way that is careful and brings profit,
- Creating the dairy products, whole grain, vegetables and fruit branch of the company,
- Realizing environmental sustainability commitments,
- Empowering and reviving the organization in order to succeed in a changing environment,
- Providing a responsible financial management.

Besides, PepsiCo is aware of its responsibility to understand diet and nutrition needs of all the people on earth. Therefore, the company encourages people to live healthier by providing hundreds of healthy and delicious food and beverages that bring pleasure to the consumers' life and are known worldwide.

3.2. Strengths of PepsiCo

- Being known all over the world,
- Rich product range in terms of product variety,
- Having a powerful local dealers organization,
- Re-organization attempts in Turkey,
- Making the campaigns to sales points directly.

3.3. Weaknesses of PepsiCo

- Insufficient marketing activities,
- Having low market share,
- Negative perceptions of consumers,
- High rate of staff change and not being known in the market,
- Having higher prices compared to competing products.

RESULTS

The globalization process becomes faster day-by-day and its effect increases accordingly. It is inevitable to come across with imitation products in this process that changes and renews itself rapidly due to possibilities provided by the technology. While the brand provides legal protection to the producers against imitations, it is also beneficial for the consumers in terms of providing prestige, protection, sales guarantee and after sales service. The brand name is the verbal part of brand image while the logo is the visual part that provides legal protection to the

brands. The Coca-Cola brand is the visual proof of the previous explanation in terms of both brand name and logo. Coca-Cola finds it appropriate to apply differentiated marketing strategies in order to address the market in beverages sector. Besides, the company purchased SEN-SUN as a new product. The reason for it was Sprite's being affected from the sales by its competitors like Uludağ and Fruko, because the price of Sprite is higher than the other two. The consumer prefers the cheaper. In other words, Coca-Cola purchased Sen-Sun in order to take its place in cheap soft drink sector. Changes have been made over Sen-Sun product.

Brands need to be one step forward from their competitors in order to get their share in the market. They achieve this differentiation through additional features that they add to themselves. Coca-Cola has been aware of this situation and continued its way by renewing itself continuously. PepsiCo should also be kept in mind as it always follow Coca-Cola as its biggest competitor. The biggest mistake of Pepsi might be doing whatever Coca-Cola did and trying to sell through Coca-Cola perception in both image and advertisement applications. Pepsi achieved being the first in the markets that Coca-Cola did not take place in the globalizing economy. While Coca-Cola generally preferred ordinary people in its advertisements, Pepsi preferred celebrities. While one of them emphasized the entertainment, the other showed people that swam and refreshed. Later on, they separated their lines completely. When one of them organized a festival, the other organized rock festival. If one of them gave free minutes, the other provided free SMSs. Besides all the other things, Coca-Cola turns the heterogeneous and huge market into homogenous and smaller markets thanks to its differentiated marketing strategies and tries to reach consumers with different styles and pleasures. Thanks to these efforts, it has succeeded to be in front of all competitors in the market.

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